

**TO: Linda Emery**  
**Re: FORUM on Transportation Investments**  
**Recommendations**  
**DATE: November 9, 2005**  
**FROM: Dave Carlson**

In response to the request by organizers at our most recent meeting, I'd like to formally recommend the Forum consider "**cost responsibility**," among its tools for funding and financing Idaho's future transportation needs. **Cost responsibility is the public policy component that quantifies 'fair share tax burden' based on the use, damage and benefit derived by various highway user segments.**

Consider the following example: The University of Idaho National Institute for Advanced Transportation Studies (NIATT), said in its final 2004 report on the subject, that a truck registration system which replaced Idaho's weight-distance tax in 2000, **has resulted in multi-million dollar losses to the state's Highway Distribution Account.** Among other things, the study also says this flawed truck registration system:

- Penalizes Idaho based carriers
- Creates incentives to underreport mileage that leads to tax evasion
- Gives the mileage advantage to out-of-state carriers with the heaviest loads
- Diminishes the appropriate weight and distance relationship to road damage

The study concludes that Idaho's truck tax structure needs to be thoroughly reviewed. Incidentally, the \$27 million judgment paid to the American Trucking Associations came not from the parties in the legal dispute, but from the State's Underground Storage Tank Fund, supported primarily from gas taxes paid by Idaho motorists. In addition, the \$41 million 'revenue neutral' replacement tax assumed, apparently, there would be no need to capture any growth in the market. **What is the net loss to the Highway Distribution Account since Idaho replaced its weight distance tax with a registration system in 2000?**

This net funding loss to the Highway Distribution Account needs to be considered, especially as it relates to the primary charge of the Forum on Transportation Investment: **How will Idaho pay for its future transportation needs?** Other states utilize regularly scheduled cost allocation studies to make policy recommendations among highway user segments. **AAA Idaho would like to formally request that tax data by source (fuel tax, diesel tax, weight distance tax and registration fees) be assembled starting in 1990 carried forward to 2005 to determine net dollar changes or movements between the automotive and trucking segments.** This information should be considered before the Forum makes final recommendations to the Transportation Board.